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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 000013

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SUBJECT: BAYJI REFINERY FUEL DISTRIBUTION RESTARTED

REF: BAGHDAD 5153

Classified By: Charge d'Affaires David C. Litt for Reasons 1.4 (B) and (D)

1. (C/REL MNF-I) SUMMARY: Deputy Prime Minister (DPM) Chalabi, who is now the acting Minister of Oil, informed us the Bayji blockade has been broken and trucks loaded and dispatched to Baghdad. He also reported pipeline repairs had been expedited on the energy corridors between Baghdad and Bayji, as well as from Bayji to Kirkuk. Chalabi told us a warrant has been issued for Mishan Al Jabouri, the GOI official with oversight of the Strategic Infrastructure Battalions, for his involvement in corruption in a skimming of salaries from the infrastructure security forces. END SUMMARY.

2. (SBU) DPM Chalabi met with Ambassador at his request New Year's Eve to discuss the fuel crisis situation in Iraq. The meeting was attended by the Acting Commander of MNF-I LTG Houghton, A/DCM, IRMO Director of Operations, and ECONOFF. Subsequent telephonic updates were made.

REFINERIES AND PIPELINES

3. (C/REL MNF-I) Chalabi informed us that intimidation levels at Bayji refinery have been reduced. Chalabi said some fuel had been delivered by 10 trucks to Tikrit on December 31. He added that 29 trucks had been loaded with fuel and were dispatched to Baghdad on December 31. Coalition forces had stopped them on the road, but MNF-I secured their release and the convoy proceeded to Baghdad. There were another 30 trucks on January 1 and 130 expected by January 2 to be dispatched from Bayji to Baghdad carrying fuel with police escort. Chalabi said this would total deliveries of over 3.5 million liters of fuel (1 million gallons). (NOTE: Normal consumption in Baghdad is currently at a low of only 5.5 million liters, or 1.5 million gallons, per day. END NOTE.) Two platoons from the 4th Iraqi Army Division are reported to have been deployed as added security forces to Bayji refinery as of January 2.

4. (C/REL MNF-I) Bayji Refinery remains shut down due to its product storage tanks being full. The 22-inch product line from Bayji to Baghdad was repaired and is currently being gravity filled. It is scheduled to be fully filled by late January 2, and pumping will be initiated at 10 million liters (2.5 million gallons) per day to Baghdad. Chalabi called the Director General of the Oil Pipeline Company to check on the progress of the repairs during the meeting. He reported repairs were ongoing on the 26-inch pipeline between Kirkuk and Bayji, with completion expected by January 3, and he expects completion of the repairs on the 40-inch pipeline by January 10. Chalabi has ordered crews from other regions to support these critical pipeline repairs.

5. (C/REL MNF-I) The immediate goal is to fix the 22-inch product line and send additional fuel to Baghdad by pipeline, providing needed space in the storage tanks at Bayji and supplying Baghdad with critical fuel. Bayji refinery can restart when 20 million liters (5 million gallons) of storage space is available. It will take 4-5 days to bring the refinery up to normal production levels. Immediate repair of the 26-inch pipeline will provide crude oil for refining at Bayji, while repair of the 40-inch pipeline will provide redundancy of crude oil supply. Bayji can refine product for the next seven days with the 1.3 million barrels of crude oil stored at the IT1A storage depot. The goal is to have the 26-inch pipeline repaired before Bayji runs out of crude oil supplies from the IT1A depot.

6. (C/REL MNF-I) DPM Chalabi is to fly to inspect the Bayji refinery on January 3 with MNF-I aviation support. A follow-on meeting of the infrastructure security steering group will be held on January 4 to assess the energy sector infrastructure status.

7. (SBU) Chalabi will refer the alleged intimidators at Bayji to the legal system of the GOI for prosecution. He said that, as a Minister, he has the authority to refer charges to

the judicial system in Iraq. He stated that the GOI should take a hard line against these smugglers and intimidators. He said the Tikrit Governing Council and the local authorities support the price rises and government actions to break the blockade.

18. (C/REL MNF-I) Chalabi told us the corruption investigation of Mishan Al Jabouri (reftel), the GOI official with oversight of the Strategic Infrastructure Battalions (SIBs), had led to a warrant for his arrest for stealing 900,000,000 Iraqi Dinars (USD 600,000) per month from the SIBs' salary funds.

LITT